



# BANK OF FINLAND

## MONTHLY BULLETIN

Vol. 31 No. 7

JULY

1957

### RECENT DEVELOPMENTS

#### FOREST WORK IN 1956/57

During the past felling season, which covered the months from June 1956 to May 1957, commercial fellings, surpassing the results forecast a few months earlier, totalled 40.0 million piled cubic metres. This is more than the total felled during any other season since 1946/47, and a full 10 per cent more than in the season of 1955/56. The result may thus as a whole be considered very satisfactory. If, however, only that timber required by industry and trade is taken into consideration and fuel wood is not taken into account, the result fell short of the corresponding figure for the previous season by some 2 per cent. The following table shows the quantities cut during the last two felling seasons.

	1955/56 Mill. cu. m	1956/57 Mill. cu. m	Change %
Softwood logs .....	9.3	7.1	- 23.7
Hardwood logs .....	2.3	1.1	- 51.6
Spruce pulpwood ....	11.9	12.8	+ 8.1
Pine pulpwood .....	4.9	5.8	+ 19.7
Pitprops .....	1.3	1.8	+ 34.7
Fuel wood .....	6.0	10.4	+ 73.1
Other wood .....	0.6	1.0	+ 60.0
<b>Total</b>	<b>36.3</b>	<b>40.0</b>	<b>+ 10.3</b>

In the fellings for industry and trade, the uneven development of the export market for wood-processing products is clearly reflected. Cuts of stacked timber, that is to

say pulpwood and pitprops, totalled 20.4 million cu.m, thereby exceeding all previous results. On the other hand, the difficulties in selling the output of the sawmills and plywood mills greatly reduced the purchases of raw material for these branches of industry; the fellings of thick softwood decreased by nearly one-fourth, and those of hardwood by about one-half of the quantities for 1955/56.

The most significant factor was the marked increase in the commercial fellings of fuel wood. The 73 per cent increase augmented stocks to an extent which must be considered disquieting. At the end of May, stocks amounted to some 18 million cu.m, which represents nearly three years' needs. Next winter this circumstance is certain to constitute a negative factor from the point of view of employment policy.

In spite of the increase in total fellings, the number of workers employed in the forests was on a monthly average lower than it had been in the season of 1955/56. During the period June—October, the difference was negligible, but from November to February, the labour force in forest work was considerably smaller than it had been during

**On page 18, Finland's Balance of Payments  
in 1956**

the corresponding period of 1955/56. In January, when the maximum was reached, the number of workers in all kinds of lumber work totalled 137 000, which compares with 165 000 one year previously. During the months of March to May, the difference was reduced again, so that in May, 1957, there were about 4 000 more persons engaged in lumbering than had been the case in May, 1956.

#### LABOUR MARKET

The labour market has been calm. Since deadlock was reached in the negotiations between the central organisations concerning an overall wage arrangement, and as SAK (the central organisation of the trade unions) had disclaimed responsibility for the labour peace from June 15, the various trade unions have continued the negotiations on collective agreements which were broken off at the turn of the year. Although no great hopes were entertained with regard to the outcome of these discussions, nevertheless on July 2, the negotiations concerning the heavy metal industry led to an agreement, such agreement to be in force until the end of the current year and affecting some 85 000 workers. According to preliminary estimates, the rise in the average level of earnings in the metal industry is not more than 1 ½ per cent. Shortly afterwards, another agreement on similar lines was signed concerning the hotels and restaurants. It seems evident that the metal industry agreement in many quarters has reopened the door to negotiations and given an approximate idea of an acceptable agreement on wage levels.

On July 16, the negotiations concerning paper and pulp industries led to renewal to

the end of 1958 of their collective agreement. This branch employs about 30 000 workers. In consideration of the long period of agreement, wages were tied to the cost of living index to the extent of two-thirds. A first adjustment of wages is to take place if the index rises to 130 (the June index is 122), and a second one if the index rises further to 136. Agreements of a similar type have since been signed by the building industry and some minor branches of trade. — Thus, in these agreements, the settlement of the wage question approached the recommendations contained in the stabilisation programme which the Fagerholm Cabinet presented in March and which the SAK has considered unsatisfactory (see Bulletin No. 4). The base level for the index clause tying wages to prices must, as such, be considered fairly well balanced and natural, in that no Government subsidies are involved as was previously the case. Nor does the automatic two-thirds compensation seem dangerous from the point of view of anti-inflationary policy, as such latent factors as could raise prices to any considerable extent are nowhere to be seen at the moment.

In most other spheres where the collective agreements are still open negotiations are in progress. The most important of them are the mechanical woodworking industry and the foodstuffs industries. In these spheres also, agreements will probably be reached without open conflicts. Thus the wage question, which was regarded as the most intricate point of the stabilisation problem seems to be practically solved without considerable wage increases. This achievement is an important step towards a general stabilisation.

*July 31, 1957.*

## BANK OF FINLAND

Mill. mk

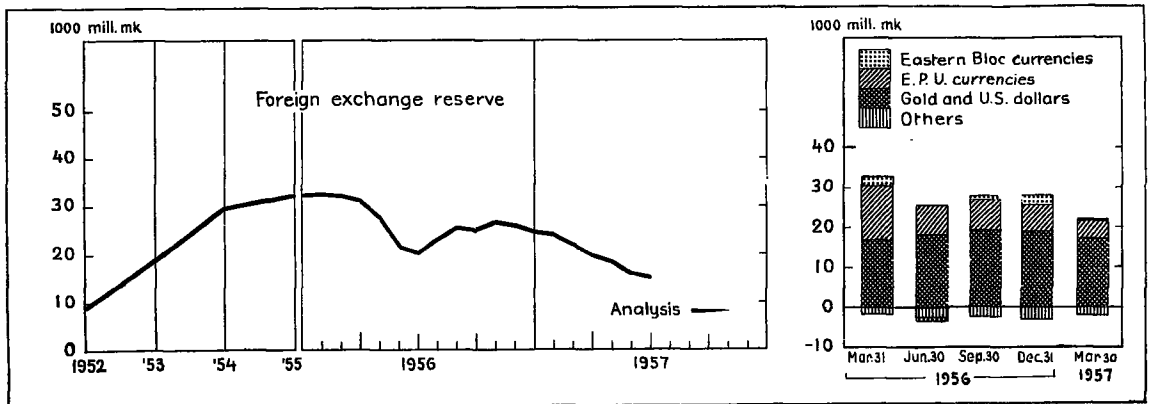
	1956		1957			
	June 30	Dec. 31	June 8	June 15	June 21	June 29
<b>BALANCE SHEET</b>						
<b>Assets</b>						
<i>Ordinary note cover</i> .....	30 580	32 300	25 818	25 568	25 287	25 995
Gold .....	7 849	7 849	7 849	7 849	7 849	7 849
Foreign exchange .....	20 171	21 561	15 079	14 829	14 548	15 256
Foreign bills .....	115	115	115	115	115	115
Foreign bonds .....	2 445	2 775	2 775	2 775	2 775	2 775
<i>Supplementary note cover</i> .....	75 227	75 453	68 834	67 936	72 448	75 886
Inland bills discounted						
In foreign currency .....	9 209	9 366	9 547	9 549	9 556	9 568
In Finnish currency .....	19 985	14 922	17 438	17 256	17 364	17 485
Rediscounted bills .....	27 283	33 665	25 599	24 881	29 278	32 583
Treasury bond loan .....	18 750	17 500	16 250	16 250	16 250	16 250
<i>Other assets</i> .....	16 910	13 370	15 048	14 843	14 950	15 850
Finnish bonds .....	2 039	1 794	1 545	1 545	1 546	1 547
Cheque accounts .....	450	862	685	689	887	693
Finnish coin .....	338	354	354	344	333	338
Other claims .....	14 083	10 360	12 464	12 265	12 184	13 272
Total	122 717	121 123	109 700	108 347	112 685	117 731
<b>Liabilities</b>						
<i>Notes in circulation</i> .....	57 911	60 735	54 694	55 002	55 362	56 177
<i>Short-term liabilities</i> .....	20 514	24 725	20 879	19 009	22 770	26 994
Foreign exchange accounts .....	7 547	4 601	8 438	8 197	8 203	7 939
Mark accounts of holders abroad .....	5 076	7 047	7 335	7 332	7 560	7 579
Cheque account of the Treasury .....	6 284	10 550	4 105	2 815	6 188	10 543
Cheque accounts of banks .....	507	1 167	1	—	189	328
Other cheque accounts .....	170	367	126	139	319	134
Other short-term liabilities .....	930	993	874	526	311	471
<i>Long-term liabilities</i> .....	24 768	14 725	10 961	10 561	10 962	10 980
Foreign .....	8 311	8 290	8 651	8 651	8 652	8 670
Finnish .....	16 457	6 435	2 310	2 310	2 310	2 310
<i>Equalisation accounts</i> .....	7 880	8 074	10 551	10 734	10 908	10 832
<i>Bank's own funds</i> .....	11 644	12 864	12 615	12 641	12 683	12 748
Capital .....	10 000	10 000	10 000	10 000	10 000	10 000
Reserve fund .....	806	812	1 838	1 838	1 838	1 838
Profits undisposed .....	6	—	—	—	—	—
Earnings less expenses .....	832	2 052	777	803	845	910
Total	122 717	121 123	109 700	108 347	112 685	117 731
<b>STATEMENT OF NOTE ISSUE</b>						
<b>Right of note issue</b>						
Ordinary cover .....	30 580	32 300	25 818	25 568	25 287	25 995
Supplementary cover (Upper limit 58 000 mill. mk) .....	58 000	58 000	58 000	58 000	58 000	58 000
Total	88 580	90 300	83 818	83 568	83 287	83 995
<b>Note issue</b>						
Notes in circulation .....	57 911	60 735	54 694	55 002	55 362	56 177
Short-term liabilities .....	20 514	24 725	20 879	19 009	22 770	26 994
Undrawn on cheque credits .....	594	316	538	616	336	530
Unused right of note issue .....	9 561	4 524	7 707	8 941	4 819	294
Total	88 580	90 300	83 818	83 568	83 287	83 995

Lowest discount rate since April 19, 1956, 6 1/2 per cent

## BANK OF FINLAND

Mill. mk

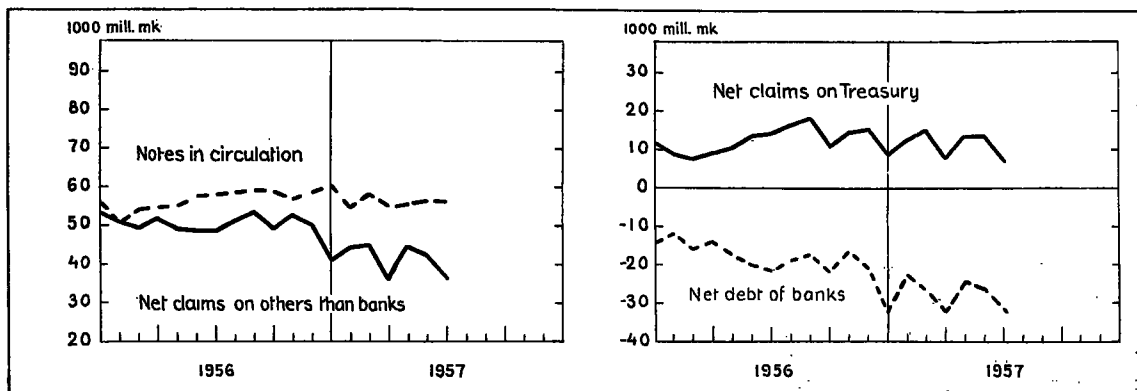
End of year and month	Gold and foreign accounts						Finnish credit institutions			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Redis-counted bills	Liabilities		Net claims on the banks (7-8-9)
								Cash reserve accounts	Cheque accounts of banks	
	1	2	3	4	5	6	7	8	9	10
1950	10 959	8 170	2 789	—	4 807	-2 018	6 913	—	— 552	7 465
1951	34 317	3 594	30 723	—	3 693	27 030	16	—	— 218	234
1952	22 099	13 141	8 958	—	5 524	3 434	17 217	—	2 088	15 129
1953	27 898	8 737	19 161	209	9 237	10 133	8 268	—	2 157	6 111
1954	36 573	7 017	29 556	972	10 102	20 426	8 465	—	2 187	6 278
1955	35 938	3 855	32 083	2 376	11 617	22 842	22 628	6 677	1 706	14 245
1956	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1956										
Jan.	36 958	4 464	32 494	2 560	12 312	22 742	19 096	6 689	486	11 921
Feb.	36 081	3 982	32 099	2 560	12 347	22 312	23 551	6 607	723	16 221
March	34 309	3 296	31 013	2 560	12 404	21 169	20 086	5 983	135	13 968
April	31 086	3 937	27 149	2 560	12 400	17 309	24 790	7 062	530	17 198
May	27 877	6 031	21 846	2 560	12 694	11 712	27 236	6 373	665	20 198
June	28 020	7 547	20 473	2 560	13 387	9 646	27 283	5 622	507	21 154
July	29 148	6 080	23 068	2 560	13 681	11 947	26 918	7 046	812	19 060
Aug.	31 221	5 745	25 476	2 560	13 726	14 310	23 513	5 497	690	17 326
Sept.	30 613	5 475	25 138	2 560	14 355	13 343	27 223	4 671	782	21 770
Oct.	30 519	3 801	26 718	3 022	14 773	14 967	20 892	3 960	447	16 485
Nov.	29 676	3 682	25 994	3 022	15 003	14 013	25 177	3 755	464	20 958
Dec.	29 410	4 601	24 809	2 890	15 337	12 362	33 665	—	1 167	32 498
1957										
Jan.	28 587	4 528	24 059	2 890	15 212	11 737	23 188	—	472	22 176
Feb.	26 229	4 089	22 140	2 890	15 574	9 456	27 037	—	553	26 484
March	23 358	3 677	19 681	2 890	15 768	6 803	32 318	—	—	32 318
April	23 249	4 833	18 416	2 890	15 792	5 514	24 486	—	—	24 486
May	23 078	7 104	15 974	2 890	15 894	2 970	26 649	—	186	26 463
June	23 105	7 939	15 166	2 890	16 249	1 807	32 583	—	328	32 255



## BANK OF FINLAND

Mill. mk

End of year and month	Treasury			Trade and industry						Notes in circulation
	Bills and bonds	Cheque account	Net claims on the Treasury (1-2)	Inland bills in Finnish currency	Other advances	Total advances (4+5)	Deposits against import licences	Other liabilities	Net claims on the public (6-7-8)	
	1	2	3	4	5	6	7	8	9	10
1950	19 730	34	19 696	13 516	5 470	18 986	—	263	18 723	34 383
1951	8 685	—	8 685	11 567	6 193	17 760	—	301	17 459	44 774
1952	14 738	—	14 738	14 678	12 696	27 374	—	2 185	25 189	46 153
1953	21 662	7 281	14 381	13 812	15 525	29 337	—	2 314	27 023	45 019
1954	21 662	15 470	6 192	11 940	14 129	26 069	—	791	25 278	47 902
1955	21 660	9 816	11 844	14 437	16 357	30 794	6 578	779	23 437	55 883
1956	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1956										
Jan.	21 660	12 905	8 755	15 204	16 845	32 049	7 476	844	23 729	50 539
Feb.	21 660	14 292	7 368	16 626	17 134	33 760	7 929	709	25 122	53 870
March	20 410	11 521	8 889	18 992	17 501	36 493	8 131	997	27 365	54 252
April	20 410	10 162	10 248	19 782	18 210	37 992	8 753	1 192	28 047	54 951
May	20 410	6 940	13 470	20 588	20 005	40 593	9 290	1 279	30 024	57 361
June	20 410	6 284	14 126	19 985	22 082	42 067	9 541	1 100	31 426	57 911
July	20 410	4 327	16 083	18 763	21 923	40 686	9 674	1 124	29 888	58 281
Aug.	20 410	2 292	18 118	17 025	21 530	38 555	9 288	1 127	28 140	58 927
Sept.	19 160	8 310	10 850	16 600	21 763	38 363	4 885	948	32 530	58 831
Oct.	19 160	4 906	14 254	16 517	20 138	36 655	4 325	1 235	31 095	56 795
Nov.	19 160	4 091	15 069	15 958	19 260	35 218	4 349	1 470	29 399	58 468
Dec.	19 160	10 550	8 610	14 922	18 928	33 850	4 125	1 360	28 365	60 735
1957										
Jan.	19 160	6 420	12 740	15 427	18 294	33 721	4 151	1 060	28 510	54 160
Feb.	19 160	4 103	15 057	15 755	18 803	34 558	4 057	841	29 660	58 245
March	19 160	11 414	7 746	17 181	19 201	36 382	4 074	573	31 735	54 967
April	19 160	5 466	13 694	16 984	19 628	36 612	—	706	35 906	55 764
May	17 910	4 210	13 700	16 943	20 252	37 195	—	784	36 411	56 311
June	17 910	10 543	7 367	17 485	21 873	39 358	—	605	38 753	56 177



## DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

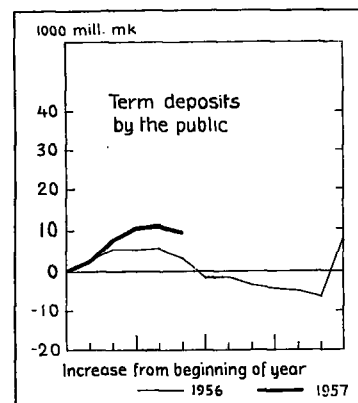
Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings departments of co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1950	24 460	28 248	10 537	36 579	39 366	20 175	13 892	5 356	115 373	154 158
1951	42 768	48 063	11 203	46 678	51 790	29 710	18 243	8 443	154 870	214 136
1952	28 020	33 410	10 765	59 742	65 344	37 223	23 562	10 798	196 706	240 881
1953	32 112	37 907	11 048	70 455	76 709	42 537	27 074	11 951	228 762	277 717
1954	34 913	42 108	13 451	83 444	92 174	52 050	30 079	13 415	271 195	326 754
1955	36 588	44 281	11 795	97 794	108 541	61 139	33 073	15 255	315 842	371 918
1956*	38 614	45 936	15 265	96 807	112 404	63 589	34 162	16 013	323 011	384 212
1955										
Nov.	38 521	45 887	8 718	91 516	102 211	57 927	32 074	14 608	298 384	352 989
Dec.	36 588	44 281	11 795	97 794	108 541	61 140	33 073	15 255	315 842	371 918
1956*										
Jan.	35 193	42 006	8 710	98 543	109 552	61 507	33 598	15 563	318 801	369 517
Feb.	32 805	39 429	9 634	98 990	110 233	62 204	34 292	15 762	321 519	370 582
March	35 545	42 643	12 629	98 745	110 080	62 567	34 002	15 805	321 237	376 509
April	33 982	41 093	9 634	98 564	110 268	62 778	33 842	15 832	321 322	372 049
May	33 620	40 799	9 669	97 684	109 704	62 476	33 401	15 691	318 994	369 462
June	39 536	47 256	11 068	96 287	108 087	61 561	32 983	15 409	314 365	372 689
July	37 040	45 098	9 583	95 701	108 382	61 779	33 136	15 362	314 398	369 079
Aug.	34 995	43 119	7 618	94 685	107 983	61 586	33 096	15 284	312 672	363 409
Sept.	36 666	43 786	15 675	94 176	107 675	61 159	33 209	15 253	311 510	370 971
Oct.	40 382	48 603	8 877	93 059	107 979	61 218	33 170	15 380	310 844	368 324
Nov.	38 283	45 619	9 043	91 960	107 641	61 128	33 001	15 380	309 148	363 810
Dec.	38 614	45 957	15 265	96 807	112 402	63 589	34 162	16 013	323 011	384 233
1957*										
Jan.	36 315	43 381	9 491	97 684	113 247	64 187	34 489	16 347	325 991	378 863
Feb.	32 923	39 865	9 217	99 394	114 321	65 038	34 930	16 635	330 355	379 437
March	31 697	38 574	14 158	99 814	115 216	66 107	35 571	16 933	333 677	386 409
April	34 730	42 050	9 327	100 428	115 229	66 462	35 115	16 892	334 161	385 538
May	32 867	39 705	8 733	100 277	114 768	66 241	34 654	16 814	332 789	381 227

## Selling rates for foreign exchange

June 29, 1957

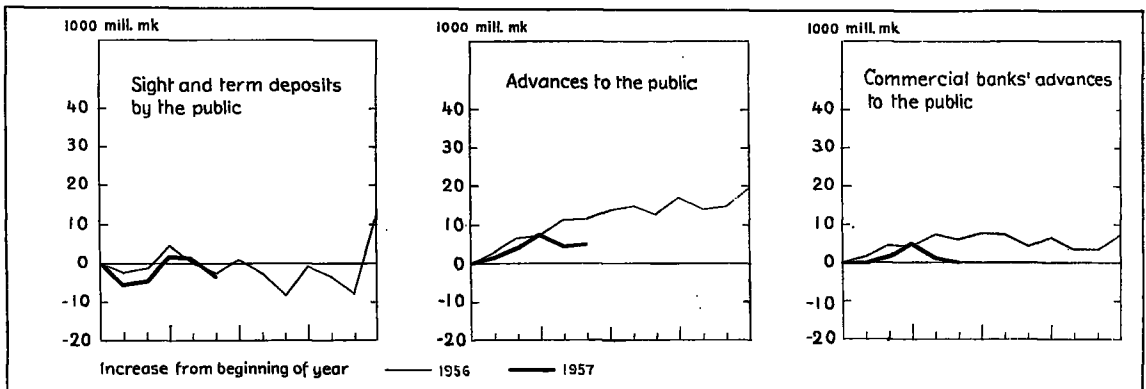
		mk			mk
New York ...	1 \$	231:—	Zürich .....	100 Fr	5 288:—
London .....	1 £	645:50	Frankfurt a/M	100 DM	5 517:—
Stockholm ...	100 Kr	4 470:—	Prague .....	100 Kz	3 208:—
Copenhagen ..	100 Kr	3 331:—	Vienna .....	100 Sch	891:—
Oslo .....	100 Kr	3 234:—	Lisbon .....	100 Es	804:—
Paris .....	100 Fr	65:75	Montreal .....	1 \$	240:—
Brussels .....	100 Fr	460:—	Moscow, clear	100 Rbl	5 775:—
Amsterdam ...	100 G	6 062:—			



ADVANCES TO THE PUBLIC

Mill. mk

End of year and month	Granted by					Types of advances			Total (1 to 5) (6 to 8)
	Commer- cial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their cen- tral bank	Mortgage banks	Loans	Bills	Cheque credits	
	1	2	3	4	5	6	7	8	9
1950	67 438	35 511	4 507	35 048	3 830	97 375	37 934	11 025	146 334
1951	85 578	45 554	8 508	41 849	4 425	117 358	54 645	13 911	185 914
1952	104 881	59 824	13 402	50 694	5 379	147 035	70 106	17 039	234 180
1953	105 659	70 511	18 782	56 765	9 847	177 703	67 572	16 289	261 564
1954	128 955	82 448	22 123	64 697	12 773	212 306	79 200	19 489	310 995
1955	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
1956*	162 663	102 830	26 232	76 047	14 691	260 475	96 617	25 371	382 463
1955									
Nov.	146 531	95 477	24 804	71 453	13 766	242 132	88 475	21 424	352 031
Dec.	155 436	96 454	24 866	72 868	13 599	245 674	94 123	23 426	363 223
1956*									
Jan.	157 132	97 784	24 893	72 824	13 607	246 784	95 688	23 768	366 240
Feb.	159 944	98 334	24 994	73 114	13 626	248 233	96 773	25 006	370 012
March	159 981	98 709	25 374	72 720	13 562	249 322	96 593	24 431	370 346
April	162 745	99 408	25 532	73 313	13 380	250 775	98 366	25 237	374 378
May	161 545	99 897	25 637	74 094	13 382	251 782	98 817	23 956	374 555
June	163 175	99 764	25 791	74 598	13 411	251 893	99 537	25 309	376 739
July	162 798	100 253	25 929	74 966	13 992	253 567	101 125	23 246	377 938
Aug.	159 760	100 951	26 210	74 978	14 059	255 663	98 018	22 277	375 958
Sept.	161 927	101 902	26 345	75 559	14 446	257 649	97 181	25 349	380 179
Oct.	158 945	102 418	25 940	75 244	14 646	258 633	96 134	22 426	377 193
Nov.	158 723	102 795	26 206	75 482	14 781	260 214	94 706	23 067	377 987
Dec.	162 663	102 830	26 232	76 047	14 690	260 475	96 617	25 370	382 462
1957*									
Jan.	162 519	103 529	26 291	76 913	14 762	261 165	97 901	24 948	384 014
Feb.	164 342	103 868	26 432	77 017	14 799	261 921	98 277	26 260	386 458
March	167 767	104 243	26 511	76 829	14 833	261 755	100 474	27 954	390 183
April	163 706	104 757	26 444	76 993	14 800	262 539	99 729	24 432	386 700
May	162 752	105 426	26 502	77 847	14 887	263 196	98 489	25 729	387 414

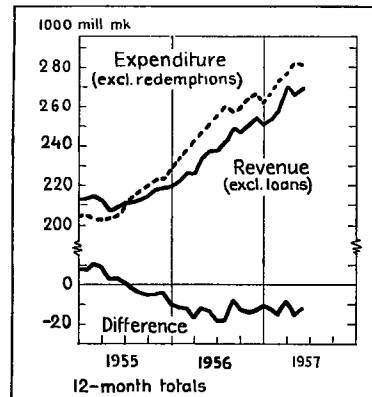


## STATE FINANCES

1000 mill. mk

Revenue	Jan.—May		Expenditure	Jan.—May	
	1956	1957		1956	1957
Income and property tax (net) .....	28.1	33.7	Interest on State debt .....	2.3	2.7
Gross receipts .....	(40.3)	(48.9)	Child allowances .....	9.8	5.0
Refunds and communal income tax .....	(-12.2)	(-15.2)	The State's share in national pensions .....	2.5	4.7
Other direct taxes .....	0.3	0.5	Compensations to war-disabled .....	3.4	3.2
Purchase tax .....	21.2	25.3	Transfer of employers' payments for national pensions to National Pensions Fund .....	1.0	1.2
Import duties .....	12.3	16.0	Subsidies .....	11.8	10.2
Revenue from Alcohol Monopoly .....	6.5	6.7	Payments by Price Equalisation Fund .....	3.5	3.6
Excise duty on tobacco .....	5.3	5.7	State aid to agriculture .....	1.0	1.1
Other excise duties .....	1.5	1.8	State aid to communal and private schools .....	7.7	8.5
Stamp duties .....	3.8	4.8	Net loss of State enterprises .....	4.4	2.3
Employers' payments for child allowances and national pensions .....	8.6	8.2	Maintenance of roads .....	1.7	2.2
Receipts of Price Equalisation Fund .....	3.6	6.2	Other current expenditure .....	28.7	34.7
Other revenue similar to taxes .....	1.9	2.0	<b>Current expenditure</b> .....	<b>77.8</b>	<b>79.4</b>
<b>Total taxes</b> .....	<b>93.1</b>	<b>110.9</b>	Real investments .....	17.3	27.3
Interest and dividends .....	1.8	2.2	(of which: unemployment grants) ..	(10.5)	(18.2)
Other current revenue .....	2.1	3.0	Other capital expenditure .....	11.3	18.6
Net profit of State enterprises .....	—	—	<b>Capital expenditure</b> .....	<b>28.6</b>	<b>45.9</b>
<b>Current revenue</b> .....	<b>97.0</b>	<b>116.1</b>	<b>Total expenditure</b> .....	<b>106.4</b>	<b>125.3</b>
Capital revenue proper .....	1.7	2.5	Redemption of external loans .....	0.8	1.0
Decrease in inventories .....	2.2	—	Redemption of internal loans .....	3.0	4.0
<b>Capital revenue</b> .....	<b>3.9</b>	<b>2.5</b>	Redemption of indemnity bonds etc. ....	0.5	0.3
<b>Total revenue</b> .....	<b>100.9</b>	<b>118.6</b>	Index premiums .....	0.1	0.3
External loans .....	1.0	0.0	<b>Redemptions</b> .....	<b>4.4</b>	<b>5.6</b>
Internal loans .....	6.7	3.9	<b>Total</b> .....	<b>110.8</b>	<b>130.9</b>
<b>Loans</b> .....	<b>7.7</b>	<b>3.9</b>			
Short-term credit (increase +) .....	—	+2.9			
<b>Deficit (+) or surplus (—)</b> .....	<b>+2.2</b>	<b>+5.5</b>			
<b>Total</b> .....	<b>110.8</b>	<b>130.9</b>			

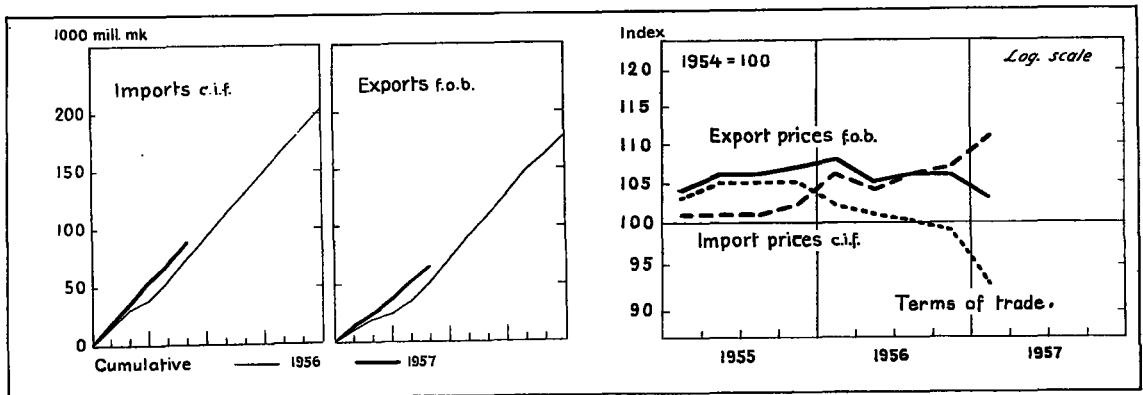
Debt	1954	1955	1956	1957			
	Dec.	Dec.	Dec.	March	April	May	June
<b>External debt</b> .....	62.1	61.3	61.5	60.4	60.3	60.1	60.0
Ordinary loans .....	36.1	43.0	50.7	50.4	50.8	50.4	51.0
Indemnity bonds etc. ..	8.8	6.8	7.1	7.2	7.3	7.4	7.4
Short-term credit .....	0.5	—	—	—	3.8	2.9	1.6
Cash debt (net) .....	4.3	5.9	8.8	13.0	14.0	15.0	..
<b>Internal debt</b> .....	49.7	55.7	66.6	70.6	75.9	75.7	..
<b>Total debt</b> .....	<b>111.8</b>	<b>117.0</b>	<b>128.1</b>	<b>131.0</b>	<b>136.2</b>	<b>135.8</b>	..
Total debt, mill. \$	484.0	506.3	554.5	567.0	589.6	588.0	..





FOREIGN TRADE

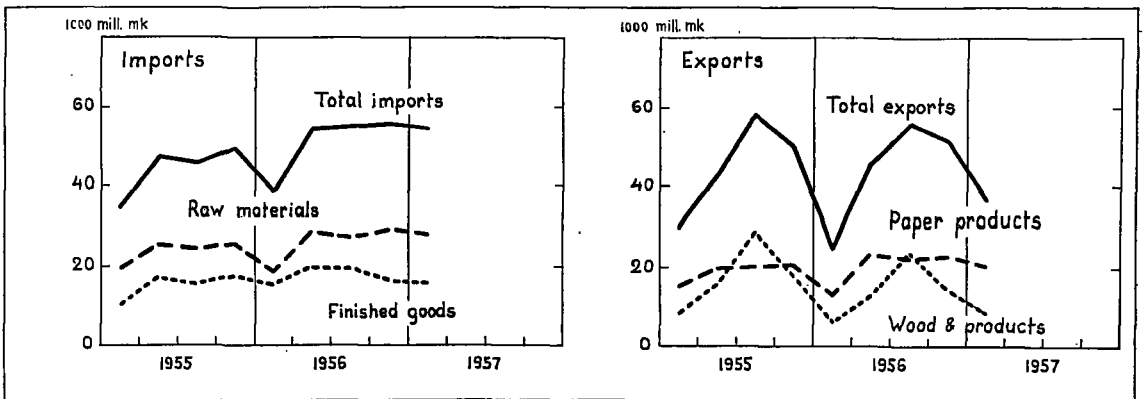
Period	Value, mill. mk			Price indices, 1954 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1949	66 278	65 606	- 672	70	77	63	64	94	77	91
1950	89 148	81 479	- 7 669	75	61	70	72	103	92	82
1951	155 464	186 883	+31 419	137	100	98	179	106	123	111
1952	182 186	156 829	-25 357	130	165	99	147	118	121	107
1953	121 860	131 555	+ 9 695	98	111	95	91	109	106	92
1954	152 137	156 618	+ 4 481	100	100	100	100	100	100	100
1955	176 960	181 259	+ 4 299	106	110	105	105	115	100	106
1956*	203 558	177 987	-25 571	106	109	105	109	103	104	102
Jan.-May										
1955	66 774	56 484	-10 290							
1956*	74 042	50 943	-23 099							
1957*	88 680	65 433	-23 247							
1956*										
April	15 769	9 979	- 5 790	105	113	106	108	101	104	101
May	19 739	16 159	- 3 580							
June	18 907	19 801	+ 894							
July	18 457	19 617	+ 1 159	106	108	105	110	110	106	100
Aug.	19 067	18 399	- 668							
Sept.	17 502	17 763	+ 261							
Oct.	20 149	20 600	+ 451	106	110	98	109	117	107	99
Nov.	18 251	14 836	- 3 415							
Dec	17 182	16 027	- 1 155							
1957*										
Jan.	19 104	13 332	- 5 772	103	104	95	108	109	111	93
Feb.	16 390	11 647	- 4 743							
March	18 787	11 261	- 7 526							
April	16 023	14 272	- 1 751							
May	18 376	14 921	- 3 455							



## FOREIGN TRADE BY MAIN GROUPS

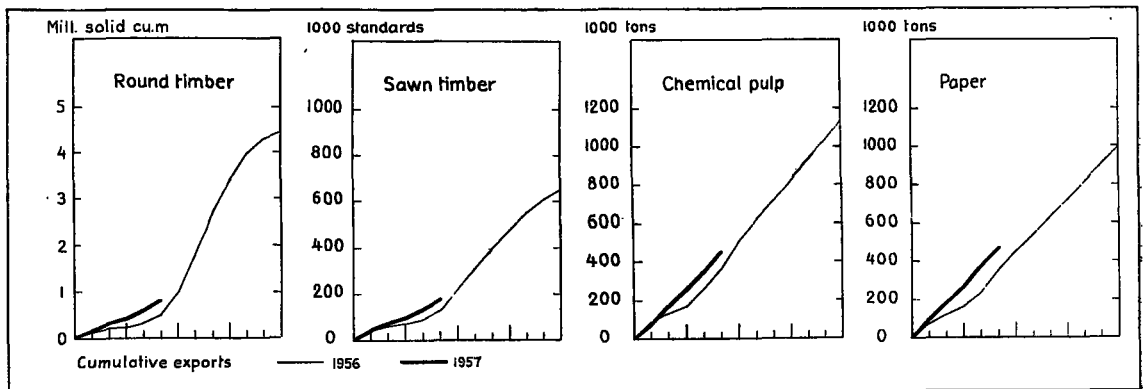
Mill. mk

Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and accessories	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods
			Consumer goods	Producer goods						
1949	38 564	5 886	12 048	9 780	2 186	5 653	26 013	26 058	2 798	2 898
1950	50 638	10 242	15 649	12 619	3 347	8 152	28 543	33 919	4 009	3 509
1951	91 790	19 760	21 910	22 004	3 152	19 028	56 229	97 244	7 151	4 079
1952	97 500	21 952	27 072	35 664	5 185	28 441	42 891	65 350	11 094	3 868
1953	65 148	15 879	16 804	24 029	4 719	10 251	43 671	47 926	20 936	4 052
1954	86 420	17 337	19 581	28 797	5 152	13 582	49 730	61 662	20 988	5 504
1955	94 919	21 540	26 276	34 225	3 880	19 905	51 321	75 793	24 803	5 557
1956*	104 284	27 464	28 453	43 357	6 206	17 243	40 485	81 780	25 125	7 148
1955										
Jan.-Mar.	19 393	5 169	5 160	5 132	1 190	1 329	6 959	15 098	4 629	774
Apr.-June	25 284	4 822	7 538	9 528	767	3 440	12 313	19 865	5 043	1 348
July-Sept.	24 392	5 422	5 798	9 850	874	10 161	18 871	20 171	6 805	1 373
Oct.-Dec.	25 850	6 127	7 780	9 715	1 049	4 975	13 178	20 659	8 326	2 061
1956*										
Jan.-Mar.	18 642	4 349	5 017	10 526	1 120	909	5 198	13 046	3 823	708
Apr.-June	28 857	5 810	8 569	11 181	1 738	3 062	9 855	23 466	6 204	1 614
July-Sept.	27 518	7 854	7 035	12 618	1 569	9 323	14 758	22 315	5 077	2 736
Oct.-Dec.	29 266	9 451	7 832	9 032	1 779	3 949	10 674	22 953	10 019	2 090
1957*										
Jan.	10 696	3 235	2 393	2 780	673	642	2 805	6 947	1 879	386
Feb.	7 930	3 168	2 055	3 237	540	699	1 997	7 079	917	415
March	9 281	4 281	2 271	2 954	804	369	1 805	6 491	1 311	481
April	7 881	2 857	2 282	3 003	793	660	2 333	8 100	1 904	482
May	9 230	3 328	2 798	3 020	885	859	2 908	7 466	2 098	705
Jan.-Mar.	27 907	10 684	6 719	8 971	2 017	1 710	6 607	20 517	4 107	1 282
Jan.-May	45 018	16 869	11 799	14 994	3 695	3 229	11 848	36 083	8 109	2 469



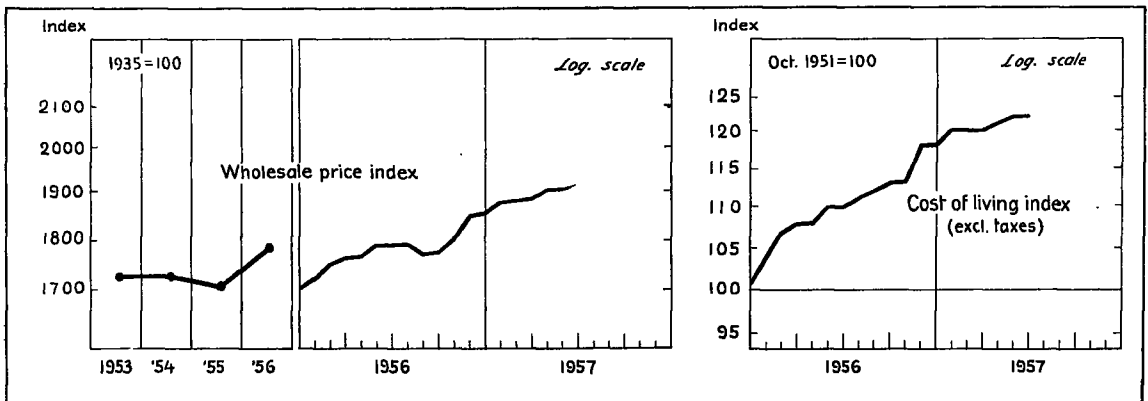
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1949	2 251	607	208	160	449	311	61	31	348	455
1950	3 266	683	195	177	513	365	89	50	379	506
1951	5 305	875	279	210	594	388	97	68	382	605
1952	5 112	611	222	143	477	245	65	44	392	569
1953	2 388	688	216	204	464	323	76	45	402	677
1954	3 620	733	298	193	580	375	101	59	392	751
1955	4 977	786	321	183	682	447	110	61	470	905
1956*	4 424	648	230	185	680	452	105	48	537	998
Jan. - May										
1955	643	160	145	68	260	157	46	27	173	341
1956*	499	133	87	64	228	135	40	18	193	353
1957*	826	176	109	63	278	177	52	26	245	463
1956*										
March	35	8	8	8	19	16	4	2	24	40
April	101	16	22	12	57	29	11	3	34	67
May	166	45	26	22	68	38	10	6	74	125
June	511	85	23	23	75	64	8	5	49	94
July	803	90	22	20	68	38	8	5	50	89
Aug.	856	91	15	14	55	45	9	2	51	94
Sept.	732	81	18	13	62	42	9	4	46	89
Oct.	581	71	22	23	69	41	10	5	50	92
Nov.	308	53	21	12	53	40	10	5	50	94
Dec.	134	44	22	16	69	47	11	4	48	93
1957*										
Jan.	160	48	19	12	55	36	10	6	49	89
Feb.	169	26	23	11	48	31	11	5	48	96
March	99	24	23	10	56	30	9	4	39	78
April	188	32	23	18	57	36	12	5	55	109
May	210	46	21	12	62	44	10	6	54	91



## FOREIGN TRADE BY COUNTRIES

Area and country	Imports c. i. f.					Exports f. o. b.				
	Whole year		Jan.—May			Whole year		Jan.—May		
	1955	1956*	1956*	1957*		1955	1956*	1956*	1957*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
<b>Sterling area</b> .....	20.9	21.3	22.6	16.9	14 949	27.3	25.2	24.4	24.8	16 222
United Kingdom .....	20.3	20.4	21.9	16.3	14 403	24.0	21.4	20.2	21.5	14 098
<b>Other OEEC countries</b> ..	36.4	39.1	38.9	35.3	31 336	32.4	31.4	26.3	29.6	19 398
Belgium-Luxembourg ....	3.0	3.0	3.0	3.0	2 632	3.5	4.4	3.3	3.2	2 067
Denmark .....	3.6	2.6	2.8	2.3	2 026	3.0	2.5	2.5	2.6	1 728
France .....	6.0	5.8	5.7	5.5	4 880	4.7	5.3	4.8	4.2	2 724
Western Germany .....	9.0	11.8	11.0	9.6	8 518	9.1	8.7	6.7	8.3	5 445
Italy .....	1.1	1.4	1.4	1.8	1 557	1.2	1.4	1.3	1.8	1 201
Netherlands .....	3.6	4.0	4.0	3.1	2 762	4.4	3.6	2.6	3.9	2 561
Norway .....	2.2	1.8	2.0	0.9	879	1.3	0.6	0.6	0.5	344
Sweden .....	4.9	5.4	5.5	5.5	4 838	1.9	2.2	2.1	2.7	1 745
Switzerland .....	1.3	1.8	1.9	1.9	1 673	0.9	0.6	0.3	0.8	551
Turkey .....	0.5	0.4	0.4	0.3	310	1.0	0.7	0.6	0.3	172
<b>Eastern Bloc</b> .....	27.1	25.0	24.0	31.6	27 985	25.7	27.7	30.2	28.6	18 733
China .....	0.5	0.3	0.2	0.8	657	1.6	1.0	1.5	1.4	908
Czechoslovakia .....	2.7	2.4	1.6	4.2	3 719	1.0	1.3	1.3	0.8	544
Eastern Germany .....	2.7	2.3	1.7	2.4	2 127	2.2	2.2	2.1	1.5	957
Poland .....	4.8	4.4	2.9	5.3	4 693	2.0	2.3	2.5	3.7	2 457
Soviet Union .....	14.7	13.9	15.8	17.2	15 287	17.5	19.2	21.0	19.6	12 823
<b>U.S. and Canada</b> .....	5.4	6.7	5.6	7.5	6 656	5.8	6.7	8.2	6.4	4 161
United States .....	5.2	6.5	5.5	7.4	6 551	5.7	6.7	8.2	6.3	4 099
<b>Latin America</b> .....	7.4	5.6	6.1	5.1	4 556	5.5	5.7	6.8	6.5	4 218
Argentina .....	2.9	1.6	2.0	2.0	1 748	2.2	1.5	1.1	1.2	778
Brazil .....	4.1	3.3	3.3	2.8	2 469	2.6	2.9	3.6	4.0	2 588
<b>Others</b> .....	2.8	2.3	2.8	3.6	3 198	3.3	3.3	4.1	4.1	2 701
<b>Grand total</b>	100.0	100.0	100.0	100.0	88 680	100.0	100.0	100.0	100.0	65 433



## PRICE INDICES

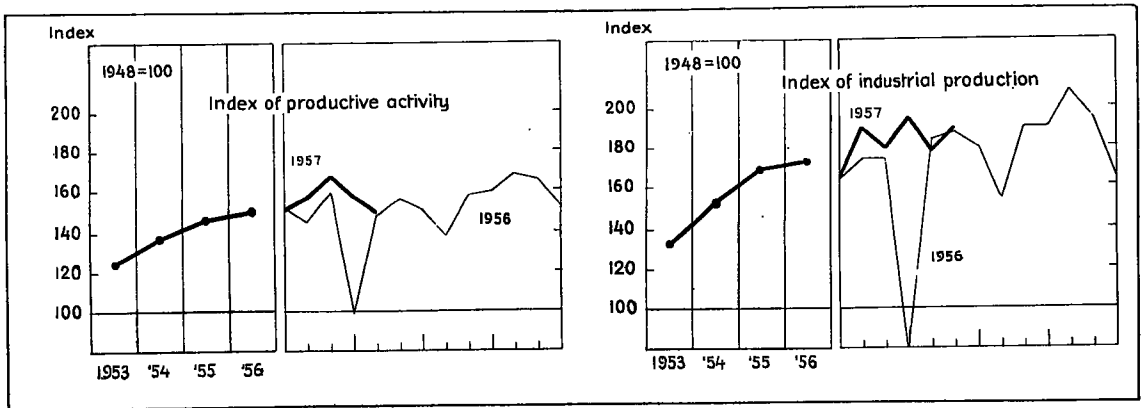
Period	Wholesale prices 1935=100						Cost of living 1935=100		
	Total index	Finnish goods				Imported goods	Total	Rent	Taxes
		Total	Products of agriculture	Products of forestry	Products of industry				
1950	1 265	1 287	1 378	1 664	1 131	1 222	992	248	1 987
1951	1 809	1 886	1 617	3 103	1 561	1 646	1 156	360	2 270
1952	1 793	1 892	1 752	3 056	1 545	1 581	1 203	438	2 509
1953	1 727	1 840	1 730	2 857	1 532	1 486	1 219	569	2 395
1954	1 724	1 841	1 728	2 941	1 506	1 475	1 199	703	2 051
1955	1 707	1 822	1 773	3 040	1 426	1 462	1 158	761	1 970
1956	1 785	1 869	1 926	2 975	1 478	1 605	1 293	909	1 901
1956									
Nov.	1 849	1 890	1 985	2 869	1 530	1 762	1 394	948	2 234
Dec.	1 855	1 897	2 000	2 884	1 530	1 767	1 392	948	2 234
1957									
Jan.	1 877	1 908	2 048	2 884	1 533	1 811	1 409	1 070	2 108
Feb.	1 881	1 915	2 082	2 884	1 534	1 809	1 411	1 070	2 108
March	1 882	1 914	2 075	2 884	1 535	1 813	1 414	1 070	2 108
April	1 902	1 936	2 070	2 884	1 574	1 830	1 429	1 070	2 108
May	1 903	1 938	2 067	2 884	1 578	1 828	1 431	1 070	2 108
June	1 914	1 949	2 090	2 884	1 589	1 839	1 441	1 070	2 108

Period	Cost of living Oct. 1951=100						Building costs 1951=100		
	Total	Foodstuffs	Rent	Heating and lighting	Clothing	Others	Total	Building material	Workers' average hourly earnings
1953	103	109	137	89	85	103	101	101	99
1954	103	106	169	82	83	102	101	98	105
1955	100	102	183	83	73	101	103	96	113
1956	111	117	218	95	76	108	109	101	123
1956									
Aug.	112	117	215	96	77	110	112	103	129
Sept.	113	119	215	97	78	111	113	103	131
Oct.	113	118	225	97	79	111	114	102	134
Nov.	118	128	228	97	79	111	113	103	130
Dec.	118	128	228	97	79	111	112	103	128
1957									
Jan.	120	128	257	97	79	112	112	103	126
Feb.	120	128	257	97	79	112	112	103	127
March	120	128	257	97	79	112	112	103	125
April	121	129	257	98	79	116	113	104	128
May	122	129	257	97	80	117	113	104	129
June	122	130	257	97	80	117	114	104	132

PRODUCTION - INTERNAL TRADE - WORK CESSATIONS

Period	Index of industrial production <sup>1)</sup> 1948 = 100						Commercial timber fellings 1 000 piled cu. m	Milk received by dairies 1 000 tons	Wholesale trade volume index 1954 = 100	Working-days lost in work cessations Thousands
	Total	Home market industry		Export industry						
		Total	Metal industry	Total	Paper industry	Wood industry				
1950	113	115	96	107	111	102	25 770	1 245	81	4 644
1951	131	133	122	126	130	120	36 070	1 447	85	324
1952	125	133	121	108	112	102	35 079	1 560	92	54
1953	133	140	120	116	121	108	29 170	1 657	93	64
1954	152	158	140	140	151	124	35 370	1 703	100	116
1955	169	175	157	154	173	126	38 600	1 709	116	344
1956	173	180	158	155	185	111	36 623	2 036	121	6 970
1955 Dec.	164	174	163	142	167	105	3 540	133	128	2
1956 Jan.	174	179	169	160	191	113	4 275	146	93	6
Feb.	174	181	170	157	189	109	4 176	141	102	1
March	80	91	69	57	61	52	3 450	149	91	6 945
April	184	192	171	166	187	135	2 399	180	124	4
May	187	194	166	171	190	143	8 083	208	138	—
June	180	190	169	159	179	132	1 131	215	124	—
July	153	145	113	168	196	125	1 156	204	119	1
Aug.	190	197	164	174	209	124	1 659	185	139	1
Sept.	190	198	174	174	207	126	1 758	162	132	1
Oct.	209	219	192	185	220	134	2 463	148	136	4
Nov.	194	206	178	168	210	107	2 786	143	137	6
Dec.	164	173	156	142	181	87	3 287	155	118	1
1957 Jan.	189	197	182	171	212	112	4 284	164*	97	2
Feb.	180	186	169	165	198	118	4 658	154*	106	6
March	195	202	180	180	221	120	3 481	170*	125	9
April	178	186	163	160	187	121	2 323	196*	119	3
May	189	194	170	178	217	122	11 010	219*	..	76

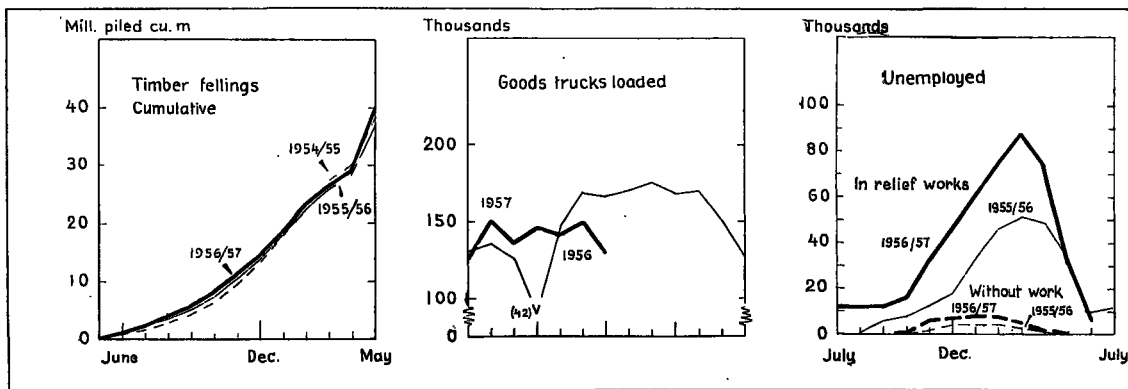
<sup>1)</sup> Figures for 1955 and 1956 revised but not final.



## BUILDING - WAGES - EMPLOYMENT - TRANSPORT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period <sup>1)</sup> mill. cu. m	Wages July-Dec. 1951 = 100		Index of working hours in industry
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		Industrial workers	Forest workers	
1954	22.02	9.36	5.24	3.54	2.87	22.85	106	95	..
1955	20.25	9.47	4.29	3.12	2.29	23.75	111	115	..
1956	19.92	8.82	2.83	4.59	2.42	28.75	124	125	..
1956									
Jan.-Mar.	3.59	1.73	0.15	1.13	0.44	25.25	113	119	104.2
Apr.-June	3.84	1.53	0.38	1.11	0.58	28.58	127	122	104.2
July-Sept.	5.35	2.22	0.87	1.03	0.79	30.18	128	129	103.3
Oct.-Dec.	7.14	3.34	1.43	1.32	0.61	28.75	128	130	101.1
1957									
Jan.-Mar.	3.87*	1.74*	0.28*	1.13*	0.60*	29.54*	..	130	98.0

Period	Railways		Foreign shipping				Unemployed at end of month			
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		Without work Number		In relief works Number	
	1956	1957	1956	1957*	1956	1957*	1956	1957	1956	1957
Jan.	136	151	283	373	298	310	4 374	8 296	33 447	60 169
Feb.	126	136	152	268	142	253	4 097	7 856	45 960	74 931
March	42	146	72	253	52	248	2 827	5 204	51 216	88 133
April	147	141	225	349	187	288	1 118	1 908	48 898	73 386
May	168	150	419	417	371	408	80	607	33 547	30 598
June	166	135	410	..	552	..	—	173	7 847	6 353
July	170		470		679		—		12 092	
Aug.	175		442		699		—		12 209	
Sept.	168		384		605		—		12 243	
Oct.	170		434		567		847		16 698	
Nov.	151		422		430		6 079		32 062	
Dec.	127		438		354		7 366		45 094	



## EXPLANATIONS RELATING TO THE STATISTICAL SECTION

### BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Long-term foreign liabilities. *Cash reserve accounts* consist of deposits made by the banks and tied by special conditions. Included in Long-term Finnish liabilities.

Page 5. *Treasury bills and bonds*: up to August 1953, bills, and thereafter Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Trade and industry, other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill. *Deposits against import licences* = importers' obligatory deposits of 10% of the value of the goods for which they have received import licences (from April 4, to June 1, 1956, 20% for goods for which licensing is not automatic). Included in Long-term Finnish liabilities until the procedure was discontinued on April 30, 1957. At that date the balance of deposits was transferred to the Cheque account of the Treasury. The balance will be refunded in full by the end of July, 1957. *Other liabilities* = Other short-term liabilities + Other cheque accounts. — *Diagrams*. Left: *Net claims on others than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the public + Finnish bonds + Finnish coin — (Long-term Finnish liabilities) — Cash reserve accounts — Deposits against import licences) — Equalisation accounts. Right: *Net debt of banks* = net claims on banks, plotted as negative figures in order that their dependence on Net claims on others than banks might be more clearly evident.

### DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks.

### STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. *Cash debt (net)* = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings of State departments. The change in this item = surplus (deficit) in the table on revenue and expenditure. *Diagram*. The 12-month totals are plotted to the last month of the respective periods.

### SYMBOLS USED

\* Preliminary    o Less than half the final digit shown  
.. Not available    — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

### FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. The price indices (p. 9) represent unit values. Seasonal variations are not eliminated. Terms of trade: the ratio of export prices to import prices. Foreign trade by countries (p. 12): imports by countries of purchase, exports by countries of sale.

### PRICE INDICES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living indices* calculated by the Ministry for Social Affairs. The series based on Oct. 1951 does not include direct taxes.

### PRODUCTION — INTERNAL TRADE — WORK CESSATIONS

Page 14. *Index of industrial production* calculated by the Central Statistical Office. It is based on net values of industrial production at constant prices. Unadjusted for seasonal variations. Weights: Home market industry 69.5, of which metal industry 28.2, export industry 30.5, of which paper industry 18.0 and wood industry 12.5; total industry 100.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. *Milk received by dairies* calculated by the Board of Agriculture. Figures cover about 50—60 % of the total milk production. The share of the dairies having grown over the last few years, this series does not correctly reflect the development of total milk production during a prolonged period. *Wholesale trade, volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the wholesale price index so revised that the combined weight of wood and paper products has been reduced from 17.6 to 3.2. *Working days lost in work cessations* calculated by the Ministry for Social Affairs. *Diagram*. Left: *Index of productive activity* calculated by the periodical Mercator. It comprises all sectors of the economy. Annual averages are revised according to national income figures.

### BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Wages of industrial workers* (average hourly earnings) calculated by the Ministry for Social Affairs. *Wages of forest workers* (average daily earnings) monthly figures supplied by the Ministry for Social Affairs, changed to quarterly index. *Index of working hours in industry* calculated by the Ministry for Social Affairs. The index is based on the number of working hours during the corresponding quarter of the previous year. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Unemployment* figures supplied by the Ministry of Communications and Public Works. The first column shows the number of persons actually without work, while the second one comprises all labour engaged in relief works or other works financed from relief funds.

More detailed statistical information about Finland is obtained from the Finnish Official Statistics: Statistical Yearbook of Finland, Bulletin of Statistics (monthly), Foreign Trade (yearly and monthly), Bank Statistics concerning commercial banks and mortgage institutions (yearly and monthly).



## SOME PARTICULARS ABOUT FINLAND

### FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in the Diet and the President. The highest executive power is held by the President, elected for a period of 6 years. The president for the current period, March 1, 1956, to March 1, 1962, is Urho Kaleva Kekkonen.

The Diet, comprising 200 members, is elected by universal suffrage. The number of seats of the different parties in the Diet elected in 1954 are as follows: Social Democrats 54, Agrarians 53, People's Democrats 43, Conservatives 24, Swedish Party 13, Finnish People's Party (liberal) 13.

### LAND

THE AREA is 337 009 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total area 9.4 % are inland waters. On an average 13.9 % of the land in the South of Finland is cultivated (1950), 1.9 % in the North and 8.0 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.6 %, are covered by forests.

OWNERSHIP OF LAND (1950): The total land area was distributed among different classes of owners approximately as follows: private 56.9 %, State 35.0 %, joint stock companies etc. 6.4 %, communes 1.7 %.

### POPULATION

NUMBER OF INHABITANTS: (1956) 4.3 millions. Sweden (1956) 7.3, Switzerland (1956) 5.0, Denmark (1955) 4.4 and Norway (1956) 3.5 millions.

DENSITY OF POPULATION (1956): In South Finland 23.9, in North Finland 3.9 and in the whole country an average of 14.0 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1956): 64.9 % of the population inhabit the rural areas, 35.1 % the towns and market towns. The largest towns are (1956): Helsinki (Helsingfors), the capital, 412 200 inhabitants, Turku (Åbo) 112 800, Tampere (Tammerfors) 114 200.

OCCUPATION (1950): Agriculture and forestry 42 %, industry 29 %, commerce 7 %, transport and communication 6 %, services 9 %, other economic activities 1 %, economically inactive persons 6 %.

LANGUAGE (1950): Finnish speaking 91.1 %, Swedish speaking 8.6 %, others 0.3 %.

EDUCATION (1956): Practically all persons over 15 years of age are literate. There are three universities (the oldest founded in 1640) and 12 colleges of university standard.

INCREASE OF POPULATION (1955): births 21.2 ‰, deaths 9.3 ‰, increase 11.8 ‰. Deaths in France (1955) 12.2 ‰ and in Great Britain (1955) 11.7 ‰.

### TRADE AND COMMUNICATIONS

NATIONAL INCOME (1955, in thousand million marks): Gross national income at market price 985. Net national product at factor cost, by industrial origin: agriculture 89 (12 %), forestry and fishing 96 (13 %), manufacturing 250 (33 %), construction 69 (9 %), transport and communications 55 (7 %), commerce, banking and insurance 93 (12 %), public activities 72 (9 %), other services 45 (6 %), total 770. Volume index 143 (1948 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 491 million of solid cu. m incl. bark (52 660 million cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock, 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 million cu. ft).

AGRICULTURE (1950): Cultivated land 2.4 million hectares of which holdings of less than 5 ha amount to 18 %, 5 to 15 ha 45 %, 15 to 50 ha 32 % and more than 50 ha 5 %. Number of holdings 287 000, of which 130 000 are of more than 5 ha. Index of agricultural production 101 for 1955 (1938 = 100). Measure of self-sufficiency in the crop year 1954/55: bread cereals 48 %, fertilizers 49 %, dairy products 102 %, meat 104 %, fodder 92 %.

INDUSTRY (1954): Gross value of industrial production 580 000 mill. marks, number of workers 288 000, administrative employees 46 000, motive power (1953) 1.9 mill. HP. Index of industrial production 200 for 1954 (1938 = 100).

RAILWAYS (Dec. 31, 1956): Length 5 180 km, of which 5 020 km are State and 160 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (July 1, 1957): Steamers 283 (411 000 gross reg. tons), motor vessels 177 (341 000 gross reg. tons), sailing vessels with auxiliary engines 117 (12 000 gross reg. tons). Total 577 (764 000 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1956): Passenger cars 102 400, lorries and delivery vans 61 500, buses 4 900, others 2 700. Total 171 500.

### FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. Since 1931, the redemption of bank notes in gold has been suspended. The currency unit is the mark (Finnish markka). Its official par value is 230 marks per one U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1955 expenditure amounted to 122 500 mill. marks. Total revenue was 125 000 million, of which income from taxation 62 500 million. The municipal income tax (non-progressive) averaged 11.07 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of the Diet. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by the Diet. The Bank has a head office in Helsinki and 12 branch offices in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1956). There are three big and three small commercial banks with in all 548 offices, 413 savings banks, 575 co-operative credit societies and their central bank, six mortgage societies, and the Post Office Savings Bank. The savings departments of the co-operative stores accept deposits from the public.

RATES OF INTEREST. (January 1, 1957). Bank of Finland: discount rates 6 ½—8 %. Other credit institutions: term deposits 5 ¼ % (index-tied 4 ¼ %) and sight deposits 1—1 ½ %; lending rate 8 % in general.

# FINLAND'S BALANCE OF PAYMENTS IN 1956

BY

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In 1955 the licensing of imports was more liberal than in the preceding years. There was a threat of inflation, and the credit market was subjected to stringent control in order to counteract this tendency. In agreement with this policy, it was considered desirable to increase the supply of goods in the market. In 1956, exports suffered from unfavourable marketing conditions, and yielded slightly less than the year before. In the meantime, the import licences which had been generously granted early in the year and during the preceding year were still being utilised, causing an increase in imports even though licensing was again cut down towards the end of 1956. The surplus of payments resulting from trade was not covered by the net earnings of services, but the foreign exchange reserve was reduced, and short-term liabilities increased. In 1955, foreign exchange had still to some extent been accumulated as had been the case for a number of years.

Long-term capital was borrowed from abroad, but repayments on the old debt reached practically the same amount. Private short-term assets increased slightly, and private short-term liabilities were reduced.

## CURRENT TRANSACTIONS

The current receipts for merchandise and services are given in the table below, together with the corresponding payments and the net result.

As trade is the dominating factor in the Finnish balance of payments, the net balance was a deficit of 13 000 million marks instead of the surpluses of the three preceding years. Contrary to export earnings, total receipts did not indeed drop, but the increase to 218 900 million marks was very small. On the other hand, payments increased by 15 per cent, that is to 231 900 million marks.

Unit prices of exports did not, according to the new trade index, on an average drop below the 1955 prices, but the volume placed

### CURRENT TRANSACTIONS, 1 000 mill. mk

	1955			1956		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise .....	181.5	177.5	+ 4.0	178.2	204.3	- 26.1
Non-monetary gold movement .....	0.0	0.1	- 0.1	—	0.0	- 0.0
Foreign travel .....	3.0	4.7	- 1.7	2.9	4.8	- 1.9
Transportation .....	21.8	7.9	+ 13.9	26.0	9.9	+ 16.1
Insurance .....	3.6	3.9	- 0.3	5.0	4.6	+ 0.4
Investment income .....	1.0	3.1	- 2.1	0.9	3.4	- 2.5
Government, not included elsewhere .....	0.6	0.4	+ 0.2	0.7	0.5	+ 0.2
Miscellaneous .....	5.1	4.8	+ 0.3	4.5	4.2	+ 0.3
Donations .....	0.5	0.1	+ 0.4	0.7	0.2	+ 0.5
<b>Total current transactions .....</b>	<b>217.1</b>	<b>202.5</b>	<b>+ 14.6</b>	<b>218.9</b>	<b>231.9</b>	<b>- 13.0</b>
Errors and omissions .....			- 1.1			- 2.6

on foreign markets was reduced by 2 per cent. The value of exports totalled 178 200 million marks. The increase in imports was in part occasioned by a 4 per cent rise in prices, but as a consequence of the augmentation of licensing in 1955 the volume still increased by 11 per cent. The value of imports, including an estimated amount for smuggling and for goods received as gifts, amounted to 204 300 million marks.

Foreign travel cost more than it yielded, the surplus of payments being of approximately the same size as in the preceding two years, or 1 900 million marks. Transportation receipts consist in the main of the gross earnings of the domestic merchant fleet in international traffic. These increased considerably, as a result of the rise in freight rates which accompanied the Suez crisis at the end of the year. Freight earnings amounted to 24 800 million marks, including 9 400 million of import freights which on

balance cancel an equivalent amount of the c. i. f. value reported for imports. Port disbursements by foreign ships were estimated at 1 100 million marks, and the expenditure by Finnish ships in foreign ports at 8 900 million. Total transportation, including air and rail transport, yielded net foreign receipts of 16 100 million marks. The main item of „investment income” is the interest paid on the long-term foreign debt, totalling 2 500 million marks.

#### CAPITAL MOVEMENT

Official loans are those raised or guaranteed by the State, the Bank of Finland and the Mortgage Bank of Finland. The line between long-term and short-term capital is drawn at twelve months. Thus calculated, assets and liabilities, and the net assets in 1955 and 1956 moved as indicated below.

CAPITAL AND GOLD MOVEMENT, 1 000 mill. mk

	1955			1956		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
<b>Private:</b>						
Long-term capital .....	- 0.5	+ 0.2	- 0.7	- 0.1	- 1.1	+ 1.0
Short-term capital .....	+ 2.1	- 3.5	+ 5.6	+ 0.5	- 0.8	+ 1.3
<b>Official and banking:</b>						
Long-term capital .....	+ 1.7	+ 1.4	+ 0.3	+ 0.6	+ 0.6	-
Short-term capital .....	+ 4.9	- 2.4	+ 7.3	- 13.4	+ 4.5	- 17.9
Monetary gold .....	+ 1.0	-	+ 1.0	-	-	-
<b>Total capital and gold .....</b>	<b>+ 9.2</b>	<b>- 4.3</b>	<b>+ 13.5</b>	<b>- 12.4</b>	<b>+ 3.2</b>	<b>- 15.6</b>

The holdings of *long-term assets* are insignificant, and their movement slight. The Bank of Finland only invested part of its foreign exchange reserve in foreign bonds. *Long-term liabilities* consist of actual loans. Of the amounts drawn in 1956, a total of 1 800 million marks was intended for purchases of ships, all of it consisting of private loans from various countries. As regards the loans from the International Bank for Reconstruction and Development, 3 300 mil-

lion marks' worth was drawn, and of the two loans from the USSR the remaining sum of 1 200 million marks. Two State-owned companies also drew an equivalent of 1 100 million marks on loans available to them. In the table above, the movement in long-term liabilities is the net result of increases and decreases. The gross changes in the various sub-items are given for 1956 in the table on the following page, in 1 000 million marks.

	Increase	Decrease
Private loans .....	1.9	2.2
Other private capital .....	—	0.8
<b>Total long-term private liabilities</b>	<b>1.9</b>	<b>3.0</b>
Net change .....		— 1.1
Debt on subscription to IMF ....	—	1.2
Official bond loans .....	—	0.1
Other official loans .....	4.5	2.6
Other official capital .....	—	—
<b>Total long-term official liabilities</b>	<b>4.5</b>	<b>3.9</b>
Net change .....	+ 0.6	

Thus the loans drawn exceeded the repayments of loans by 300 million marks, including a repurchase in dollars due on the subscription to the International Monetary Fund.

The movement in the *private short-term assets* is known only in part. In particular, habitual delays in the payments for imports and exports cannot be ascertained statistically, and as regards the prepayments for imports, which occur rather commonly, e. g. when heavy machinery is ordered, they are recorded for ships only. Total private assets are estimated to have increased slightly. Again, of the corresponding *liabilities* export prepayments decreased somewhat as trade slackened, and similarly the credits received on imports are estimated to have diminished.

The deficit in current transactions was reflected in a substantial reduction in the short-term assets of the *Bank of Finland* and the *commercial banks*, and an increase in the corresponding liabilities. This was an inevitable consequence of the fact that official long-term capital flowed out at a rate roughly corresponding to its inflow, and that there was no net consumption of private capital but that, on the contrary, net private assets were accumulated. The reduction in short-term official and banking assets was 13 400 million marks, and related to the EPU currencies, while the dollar reserve grew and the holdings of Eastern Bloc currencies evidenced hardly any change whatever. The liabilities again increased by 4 500 million, as certain imports of American

agricultural surplus commodities were paid in marks which were now held with the Bank of Finland.

#### THE BALANCE OF PAYMENTS IN 1952—1956

The following figures set the current balance of payments against the background of the previous four years, in 1 000 million marks.

	Receipts	Payments	Net receipts
1952 .....	195.8	217.1	— 21.3
1953 .....	157.3	145.1	+ 12.2
1954 .....	184.8	172.0	+ 12.8
1955 .....	217.1	202.5	+ 14.6
1956 .....	218.9	231.9	— 13.0

After the post-Korean setback in 1953, receipts and payments have grown year by year, but in 1956 receipts lagged behind payments. Trade fluctuates most, whereas all the other items regularly yield a surplus. War reparations were still paid in 1952, and were recorded as both providing receipts and occasioning payments. The relative importance of these three main categories is illustrated by the following figures, in 1 000 million marks.

	Merchandise less war reparations	War reparations	Other current items
1952 .....	— 25.9	± 8.2	+ 4.6
1953 .....	+ 8.1	—	+ 4.1
1954 .....	+ 6.2	—	+ 6.7
1955 .....	+ 4.0	—	+ 10.6
1956 .....	— 26.1	—	+ 13.1

Certain amounts have been borrowed from abroad every year, but at the same time redemptions have been regularly paid. From 1945 to the end of 1956, an equivalent of 387 million dollars of foreign loans were drawn. However, indebtedness did not increase at this rate, as during the same period 280 million dollars were repaid. The annual borrowing and repayment of loans since 1952 is shown in the following table.

	In 1000 millions of marks		Equivalent in millions of dollars	
	Drawn	Repaid	Drawn	Repaid
1952 .....	3.5*	4.8	15*	21
1953 .....	3.2*	3.6*	14*	16*
1954 .....	4.6	4.4*	20	19*
1955 .....	6.7	4.9*	29	21*
1956 .....	6.4	6.1	28	27

\*) In addition, \$4.5 mill. was purchased from the IMF (for 1 035 mill. marks) in 1952 and \$5 mill. (1 150 mill. marks) in 1953. Out of this amount 460 mill. marks were repurchased (for \$2 mill.) in 1953, 1 035 mill. marks (for \$4.5 mill.) in 1954, and 690 mill. marks (for \$3.0 mill.) in 1955.

At the end of 1956, the foreign long-term indebtedness amounted to 68 400 million marks. At the same time, the known short-

term liabilities totalled 20 400 million marks, and the corresponding assets 45 100 million.

In the first half of 1957, the outflow of foreign exchange reserves continued, as the seasonal surplus of imports demanded funds in excess of the receipts. This time, however, the outflow of Western currencies was only about two thirds of the corresponding amount for last year. As, in addition, the import licences outstanding in these currencies have been considerably reduced since the beginning of the year, it seems possible that the loss of foreign exchange reserve that occurred in the first half of the year will be recovered at least in part by the end of the year.

## ITEMS

**Trade agreements.** Finland has recently concluded trade agreements with the following countries.

*Spain*, on May 25. Period: May 16, 1957, to May 15, 1958. According to the quota lists, the value of total trade will be about 19 million U. S. dollars. Finnish exports will be comprised of sawn timber, chemical pulp, various qualities of paper, and machinery for the wood-processing industry. Finnish imports will include rice, fresh and dried fruit, tinned goods, spirits and wines, cork, lead, quicksilver and textiles.

*Greece*, on May 28. Period: June 1, 1957, to May 31, 1958. This is the sixth supplement to the trade agreement of March 1949. Total trade is estimated at about 12 million U. S. dollars. The quota list for exports from Finland includes sawn timber, plywood, mechanical and chemical pulp, and paper. With regard to imports to Finland the list includes tobacco, dried and fresh fruit, cotton and cotton yarn.

*Israel*, on May 31. The validity of the quota lists for the year beginning March 1, 1956, was extended for the period March 1, 1957, to August 31, 1958. Of the commodities thereby concerned, Finland undertook to license imports to the extent of 50 per cent, and exports to the extent of 40 per cent, of the values quoted in the lists.

*Portugal*, on June 6. The second supplementary agreement of April 1953, which relates to the trade agreement of 1941, will

continue in force during the year beginning July 1, 1957.

*Yugoslavia*, on June 8. Period: July 1, 1957 to June 30, 1958. This is the fifth supplement to the trade agreement of 1948. Indicative lists were compiled which cover such goods as are available in each country for exportation to the other party to the agreement. Finnish exports will include products of the forest industries, machinery and other industrial products. Finnish imports will include agricultural products, various qualities of hardwood, metals and minerals, in addition to chemical and pharmaceutical products.

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**Ministerial changes.** On July 2, the Ministers of the Swedish Party tendered their resignation from the Sukselainen Cabinet. They were replaced, on the same day, by two members of the Agrarian Party and one of the liberal Finnish People's Party. Following this change, the Cabinet is now composed of nine Agrarians, four members of the Finnish People's Party and one expert adviser. Mr M. Miettunen and Mr A. Karjalainen succeeded Mr N. Meinander (Sw.) and Mr W. Sarjala (Agr.) as Ministers of Finance.

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**New terms of rediscounting.** On June 27, the Bank of Finland decided upon a revision of the terms of rediscounting, which would take effect from August 1. In addition to

the normal interest, credit institutions are to pay additional interest on their total indebtedness to the Bank of Finland. The rate of this additional interest is to be 3 per cent on a calculated amount representing the same proportion of each credit institution's total debt to the Central Bank as that total debt is proportionate to double the amount of the credit institution's own funds. Nevertheless the additional interest charged may not exceed 5 per cent of the credit institution's total debt. — An exception is stipulated for those credit institutions which have not during the twelve months preceding the month of rediscounting been indebted to the Bank of Finland for more than 120 days in all. Such credit institutions are obliged to pay additional interest only on that part of their debt which exceeds their own funds.

Thus, the rate of additional interest varies in relation to the total debt of the credit institutions. If the total indebtedness of a credit institution to the Central Bank is equivalent to double the amount of its own funds, the additional interest is 3 per cent of the total debt, that is to say the same as obtains at present. If the total debt is lower, the rate of additional interest is proportionately less amounting to  $1\frac{1}{2}$  per cent, for example, on a debt representing 50 per cent of double the amount of funds. If the total debt exceeds double the amount of the funds, the rate of additional interest is raised proportionally, until it reaches the fixed maximum of 5 per cent at the point where the total debt exceeds double the amount of funds by  $66\frac{2}{3}$  per cent.

The new stipulations will replace those which have been in force since June 1952. — The Bank of Finland also decided to refrain from imposing a limit to rediscounting from the beginning of August (see Bulletin No. 4).

\*

**The merchant fleet.** The following table gives for the Finnish merchant fleet the number of the various types of vessels, and their tonnage, on July 1, 1957, as compared with the corresponding figures for July 1, 1956.

	July 1, 1956		July 1, 1957	
	Number	Gross reg. tons	Number	Gross reg. tons
Steamers . . . . .	296	407 000	283	411 000
Motor vessels . . . .	165	306 000	177	341 000
Sailing vessels with auxiliary engines	116	12 000	117	12 000
<b>Total</b>	<b>577</b>	<b>725 000</b>	<b>577</b>	<b>764 000</b>

The merchant fleet grew by 39 000 gross reg. tons during the period under review, whereas during the previous twelve-month period it was reduced by 23 000 tons. As was the case in the preceding years there was a development towards bigger units and towards an increase in proportion of motor vessels at the expense of steamers.

In 1956, the average age of the merchant fleet was 24.7 years per gross reg. ton, in 1947 it was as much as 33.5 years. Thus in comparison with the situation immediately following the war, the average age has decreased appreciably, but it is still higher than is the case in most other countries.

The total tonnage of vessels ordered for delivery from 1957—1961 amounts to some 100 000 tons, which does not nearly satisfy the need for new vessels.

# BANK OF FINLAND

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